

# Philippines president clings to power

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The political opponents of Philippines President Gloria Macapagal Arroyo had hoped to make July 25 the culmination of their two-month campaign to drive her from office. They boycotted the President's annual State of the Nation address to the Congress, organised a large demonstration outside demanding her resignation and began impeachment proceedings. A week later, however, Arroyo is still clinging to power and the opposition has made little immediate headway.

Arroyo's speech reflected the political crisis. She sought to deflect criticism of her own administration by calling for "political reform" of the system as a whole, replacing the current presidential style of government modelled on the United States with a structure centred on parliament. She provided no details and the address, just 23 minutes long, was one of the shortest ever.

Former president Fidel Ramos made a similar suggestion in early July, proposing fresh elections in May next year to allow Arroyo to make a "graceful exit". His comments indicated deep concerns in ruling circles not just over the immediate conflict, but with the country's ongoing political instability. In 2001, the previous president Joseph Estrada was ousted and replaced by Arroyo in what amounted to a constitutional coup backed by sections of business, the military and state apparatus and dressed up as a "peoples power" movement. A little over a year after winning the 2004 presidential elections, Arroyo has been rocked by scandals.

As Arroyo was giving her speech, her opponents handed over a 54-page impeachment complaint to the Secretary General's Office of the House of Representatives. The charges included Arroyo's alleged acceptance of bribe money from operators of the illegal *jueteng* lottery, electoral fraud in interfering with last year's election, concealing ownership of various properties, granting contracts against the government's interests and violating her constitutional

duties by not protecting human rights.

The complaint, however, was signed only by its two originators and another 39 members of the House—well short of the 79 required for the charges to be automatically referred to the Senate for trial. If the impeachment process is to proceed, it must now be approved by the lower house committee on justice which is dominated by Arroyo's supporters. In the Senate, a two-thirds vote is needed to impeach and remove a president.

A political standoff currently exists. Those pushing for Arroyo's ouster are vowing to undertake "a creeping impeachment process". According to lower house minority leader Francis Escudero, the necessary signatures will be gradually obtained, as in 2000-01 when Arroyo and her allies moved to impeach Estrada over similar corruption charges. Arroyo's supporters claim that the matter is now in the hands of the justice committee.

On August 1, the first alleged eyewitness to Arroyo's attempt to manipulate the presidential election made accusations against her in a nationally-televised press conference. Michelangelo S. Zuce, an assistant to Arroyo's former advisor Jose Maria Rufino, claimed that he had taken part in rigging the results. Zuce declared: "President Arroyo is not merely the beneficiary of the cheating .... She had knowledge and direct participation in it." Both Arroyo and Rufino immediately denied the charges.

The president's opponents have promised to mobilise "people power" and to appeal to the country's Supreme Court if pro-Arroyo politicians block the impeachment process. But the anti-Arroyo protests have been comparatively small—just 40,000 gathered outside the Congress last week. The demonstration was organised by various right-wing politicians, broadly connected to Estrada and Arroyo's main challenger last year—Fernando Poe—along with the Communist Party of

the Philippines (CPP) and other “left” parties.

Persistent calls for Arroyo’s resignation began some two months ago following allegations that her husband and son had taken bribes from *jueteng* operators. These moves widened after tapes were released purporting to be a conversation between Arroyo and a senior election official about rigging the results of the 2004 election. After first denying the authenticity of the tapes, Arroyo was eventually forced to make an embarrassing apology on national television on June 27 for having made a lapse of judgment. To stave off the opposition, she has offered to establish a “truth commission” to investigate the matter.

The first sign of divisions within her own camp emerged during July 8-10 when 10 senior ministers and advisors, including Arroyo’s entire economic team resigned and called upon her to do likewise. Former president Corazon Aquino called on Arroyo to resign and for Vice President Noli de Castro to replace her. Concern was also expressed in business circles about the impact of the political crisis on the country’s shaky economy. So far, however, the military, powerful sections of big business and the politically influential Catholic Church, have refrained from calling for the president to step down.

In comments on Saturday, presidential economic adviser Joey Salceda emphasised that further economic reforms over the next six months were crucial to Arroyo’s survival. “It’s reforms or resignation,” he stressed. His remarks point to the social and economic issues underlying the current political crisis.

The IMF and big business is insisting that the government has to press ahead with restructuring measures designed to attract investment and boost the economy. But these measures including privatisation, increased indirect taxes and cutbacks to social spending have led to a steady deterioration of living standards and contributed to Arroyo’s plunge in popularity to record lows.

At least 40 percent of the population lives below the poverty line of \$2 a day. Despite increased economic growth in 2004, unemployment also rose to 11.4 percent and the “labour underutilisation rate”, which includes underemployment, reached 27.4 percent. The proposed changes to Value Added Tax, presently stalled in the Supreme Court, will extend a 10 percent indirect tax to include petrol and electricity.

While she ritually speaks of alleviating poverty, the president clearly recognises that she has to retain the backing of key sections if she is to remain in office. While the economy grew by 6.1 percent last year, all the predictions are that it will slow this year. Arroyo is under pressure to slash government spending and boost taxes so as to reduce the huge public debt of \$US69 billion, which currently consumed 30 percent of government revenue.

The economy has been buoyed by substantial increases in trade with China—exports rose from \$US793 million in 2001 to \$5,029 million in 2003. This trade is far from secure, however, and the Philippines has been hard hit by high global oil prices. The Asian Development Bank recently issued a blunt warning that its three-year lending program “could range from zero to as much as \$US1.5 billion, depending on the pace of fiscal consolidation and key sector reforms.”

Arroyo obviously understands the message. In her State of the Nation address, she emphasised her “titanic struggle” to deliver “the biggest fiscal (reform) package in our history”. Whatever temporary political respite she may have gained from her speech, the impact of her economic measures is certain to heighten social tensions and fuel political instability.



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